## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

HECK		VEI
MAR 2	1	1997

PEDENGE COMMUNICATIONS COMMISSION

In the Matter of	)
Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests	) MM Docket No. 94-150
Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry	) MM Docket No. 92-51 )
Reexamination of the Commission's	)
Cross-Interest Policy	) MM Docket No. 87-154
Review of the Commission's Regulations Governing Television Broadcasting	) MM Docket No. 91-221 )
Television Satellite Stations Review of Policy and Rules	) MM Docket No. 87-8
Broadcast Television National Ownership Rules	) MM Docket No. 96-222
Newspaper/Radio Cross-Ownership Waiver Policy	) MM Docket No. 96-197

### REPLY COMMENTS OF WESTWIND COMMUNICATIONS, L.L.C.

Peter Blaise Desnoes Chairman Westwind Communications, L.L.C. 1901 Westwind Drive Bakersfield, California 93301

March 21, 1997

100 of 2000 0 + 9

### Index

### Summary

1.	Introdu	action
П.		kisting Multiple Ownership Rules  Not Be Liberalized
	A.	The Emerging Competitive Marketplace Does Not Require  Liberalization of the Local Multiple Ownership Rules
	B.	Market Definition
	C.	Waiver Policy 8
	D.	Attribution of LMAs
П.	Concl	usion

#### Summary

Westwind opposes any "liberalization" of the FCC's multiple ownership rules. In particular, Westwind believes that the existing duopoly prohibition promotes the important goals of program diversity and competition. To protect these interests, the Commission should adopt a "bright-line" rule prohibiting duopolies. There should be no waivers of this policy for UHF-UHF or UHF-VHF combinations or for any other reason. In addition, the Commission should require the attribution of LMAs so that the duopoly prohibition is not eroded by the practice of "effective" local ownership.

## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	)
Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests	) MM Docket No. 94-150 )
Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry	) MM Docket No. 92-51 )
Reexamination of the Commission's Cross-Interest Policy	) MM Docket No. 87-154
Review of the Commission's Regulations Governing Television Broadcasting	) MM Docket No. 91-221
Television Satellite Stations Review of Policy and Rules	) MM Docket No. 87-8
Broadcast Television National Ownership Rules	) MM Docket No. 96-222
Newspaper/Radio Cross-Ownership Waiver Policy	) MM Docket No. 96-197

#### REPLY COMMENTS OF WESTWIND COMMUNICATIONS, L.L.C.

Westwind Communications, L.L.C. ("Westwind") submits these Reply Comments in the above-referenced proceedings.<sup>1</sup> In support thereof, Westwind respectfully states as follows:

<sup>&</sup>lt;sup>1</sup> Notice of Proposed Rule Making, MM Docket No. 91-221, FCC 96-437 (Released: November 7, 1996) ("National TV Notice"); Second Further Notice of Proposed Rule Making, MM Docket No. 91-221 (Released: November 7, 1996) ("Local TV Second Further Notice"); and Further Notice of Proposed Rule Making, MM Docket No. 94-150, FCC 96-436 (Released: November 7, 1996) ("Attribution Further Notice").

### I. Introduction

Westwind<sup>2</sup> is a privately-owned limited liability company and is the licensee of Station KBAK(TV), Bakersfield, California. KBAK(TV) is a UHF station (Channel 29) located in the Bakersfield Nielsen DMA, the 132nd ranked television market.

Westwind submits these Reply Comments in opposition to the FCC's proposal to liberalize the television duopoly rule and in support of the Commission's proposal to treat television LMAs as "attributable" ownership interests. In general, these comments reflect Westwind's belief that the Commission should adopt a "bright-line" and consistent policy prohibiting duopolies in all circumstances and recognizing that LMAs are effective duopolies. The Commission's goals of promoting local television broadcast programming diversity and competition would be undermined by any relaxation of the duopoly prohibition. Given recent regulatory changes such as the relaxation of national ownership limits and the prospect of digital television in the near future, Westwind believes that the Commission should refrain from relaxing the local ownership rules until the effect of these changes can be more fully measured and understood.

<sup>&</sup>lt;sup>2</sup> Westwind is the successor to Burnham Broadcasting Company which until 1995 operated the following network affiliated television stations: KHON-TV, Honolulu, Hawaii; WALA-TV, Mobile, Alabama; WLUK-TV, Green Bay, Wisconsin; and WVUE-TV, New Orleans, Louisiana, as well as KBAK-TV, Bakersfield, California.

## II. The Existing Local Multiple Ownership Rules Should Not Be Liberalized

A. The Emerging Competitive Marketplace Does Not Require Liberalization of the Local Multiple Ownership Rules

Westwind does accept the premise upon which many of the comments in this proceeding are founded: that increased competition in the video programming marketplace leads inexorably to the conclusion that television broadcasters should be allowed to concentrate their <u>local</u> market power to counteract this competition. While it indeed may be economically beneficial for the networks and larger television group owners -- i.e., those with the financial resources to pursue a strategy of consolidation -- to acquire additional market power through intra-market consolidation, such consolidation may well be at the expense of individual television owners and locally originated programming.

Many of the commenters supporting liberalization of the multiple ownership rules recount recent developments in the emerging competitive video programming marketplace.<sup>3</sup> For example, NBC discusses the emergence of competition from cable television, direct broadcast satellite, and wireless cable as well as the developing competition from telephone companies and the Internet.<sup>4</sup> NBC asserts that the "proliferation" of alternative sources of video programming has had two effects: first, television broadcasters are no longer financially secure vis-a-vis their competition, and second,

<sup>&</sup>lt;sup>3</sup> See, e.g., Comments of Blade Communications, Inc. at 4 ("restating the obvious to recite the vast differences between the television industry of 1964 when the rule was adopted and the multichannel video marketplace of 1997"); Comments of CBS, Inc. at 4 ("broadcasters today face a daunting array of competitive challenges"); Comments of The Local Station Ownership Coalition at 34 ("What was once a virtual monopoly for local broadcasters . . . has felt the ravages of this new and ever-expanding competition from multichannel media."); NBC Comments at 3.

<sup>&</sup>lt;sup>4</sup> NBC Comments at 4-8.

there is a much greater diversity in video programming.<sup>5</sup> From this foundation, NBC leaps to the unwarranted conclusion that the original concerns underlying the duopoly rule -- the promotion of competition and program diversity -- are no longer relevant.<sup>6</sup>

SKOONS HILMUL

This view is erroneous and short-sighted. While it is obvious that the video programming landscape has undergone drastic change since the duopoly rules were adopted, the presence of competition from other media does not mean that television broadcasters are at a "competitive disadvantage" or that the goals of competition and program diversity, within a local television broadcast market, are obsolete.

First, there is no evidence to suggest that the economic viability of over-the-air broadcast television is in jeopardy. For example, the four major networks all reported solid financial years in 1996. Combined, the four networks generated \$19 billion in revenue last year, up 23% over 1995.7 Moreover, the networks are currently investing heavily in the very businesses which they state are threatening their economic viability. To cite just a few examples, CBS just purchased The Nashville Network and Country Music Television for a reported \$1.55 billion, and News Corp. is reported to be spending at least \$1 billion in its DBS joint venture with EchoStar, its cable sports venture with Liberty and its start-up news channel.8 Further, ABC owns interests in ESPN, A&E, and Lifetime. Thus, while it is true that television broadcasters and, in particular, television networks are facing

<sup>&</sup>lt;sup>5</sup> *Id.* at 11-12.

<sup>6</sup> *Id*.

<sup>&</sup>lt;sup>7</sup> See Broadcasting & Cable, "Big year for Big Four" (March 3, 1997) at 4 ( attached hereto as Exhibit A).

<sup>8</sup> Id.

increased competition, their financial performance is still strong and they are meeting the competition head on by investing in their competitor's businesses.

AROUN SURGE

The major networks are already multi-channel video program providers. Not only are the six networks all involved in multiple video distribution streams, but the majority of the large television broadcast groups which are most aggressively pushing for relief from the duopoly prohibition already provide other programming, leveraged through retransmission consent agreements, on second cable channels serving the same markets as their broadcast stations. The fact is that with the emergence of cable television, it is not necessary to own a television broadcast station license in order to penetrate a market with video programming. Owners who wish to leverage their broadcast station ownership by providing additional video programming in the same market are free to so by negotiating for carriage of the program service with cable operators and other competing multichannel video delivery systems.

Moreover, there is no evidence which suggests that broadcast television is not viable in the long term. Television broadcasters still face little competition in the one service that distinguishes them from other video programming providers -- local news and other originated programming. Further, broadcasters are about to enter the digital television age which promises to drastically alter the ability of broadcasters to compete with other providers of video programming by offering multiple channels and digital quality pictures and sound.

The major networks and large group owners may find that the current environment entails additional competition. Nonetheless, small station owners such as Westwind have to compete daily with larger, better financed group television broadcast owners. Further liberalization of the multiple ownership rules would mean the demise of independent station ownership. As stated aptly by

Centennial Communications in its Comments, "the Commission's rules and policies governing television duopolies and television LMAs must be crafted so as not to enhance the already formidable competitive advantages inherent in group ownership and/or assignment to a VHF channel." The importance of such local diversity has been acknowledged by the commenters. Press Broadcasting states:

BROOKS PLANCE

"Press opposes any comprehensive relaxation of the limitations currently in place. The number of participants in the local broadcast television marketplace is already extremely limited, and it would ill-serve the well-established goal of increasing diversity of programming to permit any substantial decrease in the number of competitors in any given local market. Press believes that free, over-the-air television operators have for decades been, and will likely remain for years to come, the primary source for news and information for a majority of the American public. This is especially true insofar as matters of local concern are involved . . . . Thus, the availability of a maximum number of separate and competing local broadcast television voices remains vitally important." <sup>10</sup>

Recent evidence from the television marketplace suggests that the Commission's existing multiple ownership rules are working as intended. Fox has developed from a fledgling beginning to the point where it is now considered one of the "major" networks. Warner Brothers ("WB") and Viacom ("UPN") have also started networks which are continuing to increase in market share. It is fair to question whether these new fledgling networks could have developed to the extent they have if ownership limits had been liberalized. The ability of emerging networks to find new outlets for their programming is fundamental to their survival. The concentration of market power into the

<sup>&</sup>lt;sup>9</sup> Comments of Centennial Communications, Inc. at 3.

<sup>10</sup> Comments at 1-2.

hands of only a few owners would impair this ability and would, therefore, hamper the growth of new and competing broadcast networks.

#### B. Market Definition

In its Local TV Second Further Notice, the Commission tentatively concludes that the duopoly rule should permit common ownership of television stations in different "Designated Market Areas" (DMAs) as long as the Grade A signal contours do not overlap. The Commission states that the proposed standard "may more accurately reflect a television station's geographic market and may further our diversity and competition goals."

Westwind agrees that the DMA designation does more accurately reflect a station's geographic market. Westwind supports the approach advocated by the LSOC and many other commenters, which would permit common ownership of television stations in separate DMAs regardless of contour overlap, as well as common ownership of stations in the same DMA with no Grade A overlap. Westwind agrees that the DMA approach best defines the economic market in which a station competes.

<sup>11</sup> Local TV Second Further Notice at ¶ 13.

<sup>12</sup> *Id*.

#### C. Waiver Policy

Westwind vigorously opposes any relaxation of the duopoly prohibition. The liberalized waiver policy advocated by many in this proceeding for UHF-UHF and/or UHF-VHF combinations is founded on a fiction concerning the market competitiveness of UHF stations.

HAUGHER MERL

In its Comments, the LSOC advocates an "outright exception" to the duopoly prohibition for UHF-UHF and UHF-VHF ownership in a single market.<sup>13</sup> LSOC attempts to justify this exception by reference to the alleged disadvantages of UHF stations, including smaller coverage, audiences, and revenues as compared with that of VHF stations.<sup>14</sup> LSOC argues that, because of these "disadvantages," combinations involving UHF stations "present no material risk of harm to competition or the public interest."<sup>15</sup>

Similarly, NBC proposes that the Commission allow the ownership of up to two television stations with overlapping Grade A contours, where one or both stations is a UHF station, unless there is a finding of "demonstrable harm" to competition or diversity (NBC does not state whether such duopolies would be permitted if the stations were also in the same DMA). <sup>16</sup>

Under the UHF waiver policy proposed by many of the commenters in this proceeding, an owner of a successful VHF station could be paired with a dominant UHF station without violating the duopoly rule. For example, the Tribune Company, which owns a UHF ABC affiliate in New Orleans while jointly operating a "non-attributable" UHF WB affiliate in the same market, would,

<sup>&</sup>lt;sup>13</sup> LSOC Comments at 72.

<sup>14</sup> Id.

<sup>15</sup> Id. at 75.

<sup>&</sup>lt;sup>16</sup> Comments of National Broadcasting Company, Inc. at p. 13.

if the UHF waiver position is adopted, also be able to purchase the dominant CBS VHF affiliate in New Orleans without running afoul of the duopoly prohibition. Clearly, this would be a case of the exception swallowing the rule.

прярожу от нас

A duopoly by any other name is still a duopoly. The Commission should not accept the fiction that UHF-UHF or UHF-VHF duopoly is good policy when VHF-VHF is bad policy. Instead the Commission should adopt a policy which is intellectually honest and internally consistent: all duopolies should be prohibited.

The public would be far better served by diversity of ownership which would not only promote different editorial voices but would promote more and better programming. See Associated Press v. United States, 326 U.S. 1, 65 S.Ct. 1416, 89 L.Ed. 2013 (1945). ("[The First] Amendment rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public . . . ."). One need only examine the impact on syndication prices in markets where "virtual" duopolies exist to see the squeeze that common operation of multiple stations in a single market has on programming. The price of syndicated programming falls and, at the margin, greater production of programming by independent producers is inhibited.

The fact is that, in many markets, UHF stations outperform VHF stations. Attached to these Reply Comments as Exhibits B, C, and D are listings of various markets in which UHF stations are outperforming VHF stations in the same market for the 18-49 age group, Sunday-Saturday 9AM-

Midnight.<sup>17</sup> Following are examples of major market UHF stations that are outperforming VHF stations in their market:

SHOUTES HEROUS

- \* In the Tampa-St. Petersburg-Sarasota DMA (15th ranked), Station WFTS (ch. 28), an ABC affiliate, is the second ranked station, ahead of VHF stations WTVT (ch. 13) and WTSP (ch. 10).
- \* In the Miami-Ft. Lauderdale DMA (16th ranked market), Station WLTV (ch. 23), an independent station, is the top ranked station;
- \* In the San Diego DMA (26th ranked), Station KNSD (ch. 39), an NBC affiliate, is the top ranked station;
- \* In the Hartford-New Haven DMA (27th ranked), Station WVIT (ch. 30), an NBC affiliate, is the top ranked station in the market.
- \* In the Champaign & Springfield-Decatur DMA (82nd ranked), Station WICS (ch. 20), an NBC affiliate, is the top ranked station in the market.

Exhibit B lists twenty-one other examples of UHF stations which have had success in competing with VHF stations in their market. Exhibit C lists eighteen (18) examples of UHF stations which are ranked first in their market ahead of at least one VHF station in the same market. Exhibit D lists thirty-eight (38) examples of UHF stations that, while not number one in the market, are beating a VHF station in the same market.

Taken together, these examples demonstrate that, contrary to the gloomy assessment of the potential of UHF stations by many of the large group owners, UHF stations can successfully compete against VHF stations. While the performance of UHF stations, viewed as a whole rather than individually, may generally lag behind that of VHF stations, <sup>18</sup> this apparent disparity may well

<sup>&</sup>lt;sup>17</sup> The data attached hereto as Exhibits B, C and D was supplied to Westwind by its national sales representative firm and, upon information and belief, is true and accurate as of November 1996.

<sup>&</sup>lt;sup>18</sup> See LSOC Comments at 73 n. 165.

result from programming rather than technical deficiencies. It is fair to assume that over time as the traditional big-three networks migrate to UHF stations, viewership will follow and differences in UHF-VHF viewing patterns will moderate.

The evidence concerning alleged UHF disadvantages is simply inconclusive at the present time and does not justify an "outright" exception to the duopoly prohibition for UHF combinations. With the steady emergence of the WB and UPN networks, many UHF stations are only beginning to have access to desirable programming. Combined with the steady growth of cable television, UHF stations are increasingly gaining coverage and viewers. Moreover, the effect of the transition to digital television on UHF stations is yet to be determined. In light of these incipient developments, it is premature, to say the least, for the FCC to allow an exception to the duopoly prohibition. In the end, the justification for the exception advocated by LSOC and the networks is constructed on a shifting foundation and is insufficient to support Commission action at the present time.

#### D. Attribution of LMAs

Westwind supports the Commission's proposal to make television LMAs attributable for purposes of the Commission's multiple ownership rules. Currently, LMAs are being employed in a fashion which can fairly be viewed as amounting to an "end run" around the Commission's ownership limits. From a practical business and management standpoint, LMAs are functionally identical to ownership. Consequently, the Commission should end the legal fiction that presently pervades the television market and require the attribution of LMAs for multiple ownership purposes.

In its Comments, Centennial Communications injects a refreshing dose of reality into the otherwise rosy picture painted by the networks and large group operators concerning the supposed "virtues" of LMAs. The example cited by Centennial shows that LMAs can and do result in the loss of program diversity. As stated by Centennial: "As a result of LIN's LMA, therefore, program diversity has been significantly reduced -- viewers in the local market receive a great degree of duplicative programming, effectively reducing the number of television voices within the marketplace from seven to six." 19

A policy which allows or grandfathers LMAs runs counter to a prohibition against duopolies. While it may be that some stations have benefitted from operation through LMAs, it cannot be said that these same stations would not have prospered under different ownership. The simple and unescapable truth is that LMAs are created for one purpose -- to enhance the aggregate market share of the combined operations. If the Commission accepts the broad policy principle that duopolies should be prohibited, there is no reason to undermine this policy through the allowance of LMAs.

Westwind agrees with the Commission's common sense reading of the plain language of Section 202(g) of the Telecommunications Act of 1996 ("1996 Act"). This section states:

"Nothing in this section shall be construed to prohibit the origination, continuation, or renewal of any television local marketing agreement that is in compliance with the requirements of the Commission."

Regardless of the intent of this language, the plain language itself vests the Commission with discretion to allow or prohibit grandfathering of LMAs. The plain language does not restrict the termination of LMAs or necessarily encourage the grandfathering of LMAs.

<sup>19</sup> Comments of Centennial Communications, Inc. at 5.

Broadcasters that have chosen to enter into television LMAs have done so with full knowledge of the inherent risks of such action. Owners choosing to enter into such agreements have done so at their own risk. For these reasons, LMAs should constitute attributable interests for purposes of the duopoly and multiple ownership rules in all cases, regardless of when the LMA was entered into.

#### III. Conclusion

Westwind believes that the duopoly prohibition is wise and should be maintained. Part and parcel of this regulatory principle is that LMAs, which are functionally identical to ownership, should be attributed. For the reasons stated herein, Westwind opposes any effort to liberalize the existing duopoly rule and supports the Commission's proposal to tighten the LMA attribution rules.

Respectfully submitted,

WESTWIND COMMUNICATIONS L.L.C.

Rv.

Peter Blaise Desnoes

Chairman

1901 Westwind Drive Bakersfield, California 93301 (805) 327-7955

March 21, 1997

### **EXHIBIT A**

Broadcasting & Cable, "Big year for Big Four" (March 3, 1997) at 4

Broadcasting & Cable

## Top of the Week

# Big year for Big Four

## (or was it?)

While 1996 revenue is up, ABC, CBS, Fox numbers are helped by creative accounting

By Steve McClellan

#### **NEW YORK**

inancially speaking, 1996 was a boffo year for NBC (see chart). For CBS, ABC and Fox, the revenue picture was pretty solid, as the broadcast economy continued to hold up well. But all three used purchase-price accounting benefits to make operating profits look significantly better on paper than the actual results.

Combined, the four networks generated \$19 billion in revenue last year, up 23% over 1995. On paper, operating profits came to \$3.36 billion, up 24% over the previous year.

However, analysts say the paper profits are misleading because CBS, ABC and Fox added back hundreds of millions of dollars to their bottom lines in the form of amortization and depreciation benefits. Without those accounting benefits, combined 1996 operating profits for the Big Four were up 3% at most, analysts say.

News Corp., for example, declared an operating profit of roughly \$90 million for its Fox Broadcasting Co. for fiscal '96. But analysts say company officials also acknowledge that \$125 million in accounting benefits is built into that number, "so in terms of real performance for the year, the Fox network had an operating loss of about \$35 million," says one Wall Streeter: "It's a way to sweeten the results, and this year three of the four networks have very sweetened results."

Disney's 1996 annual report applies a total \$534 million in purchase-price benefits to ABC's profits. Without those benefits, ABC's operating divisions would have shown a combined drop of 14% in operating profit.

Analysts say Disney executives also acknowledge that they boosted the ABC Television Network's profit picture for

Fiscal 'S	96: The F	our-N	etworl	k Picti	ıre
(Dollar figures in		REVENUE	% CHANGE FROM '95	PROFIT	% CHANGE FROM '95
	ABC				
	Radio networks			\$50	+14%
	Radio stations	\$260	+13%	\$100	+24%
	TV network	\$3,125	-2%	\$410 *	+9%
1.5	Owned TVs	\$996 * *		\$440	-3%
	Cable/intl.	\$1,690	+47%	\$600	+100%
Home Improvement	Total	\$6,231	+4%	\$1,600 **	* +21%
310, 200 (2)	CBS				
	Radio network	\$75	+7%	\$0	*****
一些12	Radio stations	\$480	+11%	\$160	+50%
THE PARTY OF THE P	TV network	\$2.581	+2%	\$25 *	
	Owned TVs	\$809	-6%	\$280	-7%
	Cable/other	\$201	+28%	-\$170	NM
Touched by an Angel	Total	\$4,146	+3%	\$351	-13%
	NBC				
	TV network	\$4,000	+33.8%	\$380	+15.2%
TATE OF THE PARTY	Owned TVs	\$940	+40.3%	\$500	+38.9%
	Cable/intl.	\$290	+11.5%	\$10	<u>-</u> †
ER	Total	\$5,230	+33.4%	\$890	+29%
	Fox				
	TV network	\$1,700	+24%	\$90 *	+20%
26 / J. A.	Owned TVs	\$800	+6%	\$410	+13%
Mary Mary	Twentieth	\$375	+5%	\$70	+7%
	Cable/intf.	\$600	+15%	\$0	
X-Files	Total	\$3,475	+22%	\$570	+25%

Notes. Estimates are (flower), tree & Green's, Sources instode network executives and recordes analysis. Revenue is net of agency commission, profit flower, are profit operating profit. "Network profits for ANC, CRS and For have each been boasted by more than \$100 million in proclasses gives accounted as breefts, core stary." "ANCs, owned by execute lapte includes \$1.6 million for kex(ny) for Angeles, which carefy by any operated at break even or at a lore. If the came bream odd, Excluding KA, the ANC group was down 2% in revenue, to about \$000 million. ""TANCs, operating profit includes \$5.35 million in practices accounting breather. I NBC's cable/inferrodomal fields agree operated at locals even in 1995. NM. — not meaningful.

1996 using purchase-price accounting benefits, a generally accepted financial practice. Disney has given ABC an onthe-books profit of \$410 million for last year, analysts say—roughly \$35 million more than in 1995.

At the same time, the network has suffered double-digit rating declines in key selling demographics. The 1996 designated profit number for ABC-TV is also \$25 million more than NBC's, the top-rated network in prime time, late night and morning.

The reason ABC-TV's profit is so high is the accounting benefit, which Disney officials refuse to break out, even to the investor community. But analysts estimate that it is \$200 million or more. Discounting that benefit would put ABC-TV's real pretax operating

profit at no more than \$210 million, at least a 30% drop from its 1995 pretax operating profit.

Westinghouse has acknowledged that it sweetened its media group profits by \$164 million worth of purchase-price accounting benefits. Most of it, \$131 million, has been allocated to boost the CBS-TV operating profit number to \$25 million for 1996. Without it, the network would have posted a \$106 million operating loss. The network was particularly hard hit in the fourth quarter, when it suffered an \$86 million loss.

Fox also had a tough 1996 fourth quarter, which network officials have said will cost Fox \$50 million-\$60 million in profits for fiscal '97. (News Corp. operates on a fiscal year that ends June 30.)

Declining ratings and increasing

#### -Top of the Week-

costs (for both production and affiliate compensation) contributed to the profit drops for ABC, CBS and Fox last year, analysts say.

At NBC, revenue was up over the 1995 total by \$1.1 billion, or 33%, to more than \$5.2 billion. Operating profit was up 29%, to almost \$900 million. The summer Olympics contributed \$650 million to the network's 1996 revenue.

All the networks continue to invest heavily in cable and satellite ventures, both in the U.S. and abroad. CBS just plunked down \$1.55 billion for The Nashville Network and Country Music Television. News Corp. will spend at least \$1 billion over the next 18 months on its new DBS joint venture with EchoStar, its cable sports venture with Liberty and its start-up news channel.

#### **EXHIBIT B**

Selected Ratings Data Sunday to Saturday 9 A.M. - Midnight November 1996

Sunday - Saturday 9AM-Midnight: DMA Ad 18-49 Rtgs - Nov '96

Examples where UHF beats VHF

	UHF Station	DMA	A18-49	
<u>Marker</u>	Call: AFF: CH	Rtg (T.P Rank)		VHF Stations Beaten
Philadelphia	WTXF:Fox:29	3. <b>5</b>	(2)	WCAU:N:10-3.2, KYW:3-2.4
Minn-St.P.	WFTC:Fox:29	2.2	(4)	KMSP:UPN:9-1.8
Tampa	WFTS:A:28	2.9	(2)	WTVT:F:13-2.7, WTSP:C-10-2.5
Miami	WLTV:I:23	3.4	(1)	ALL
Phoenix	KNXV:A:15	2.2	(2)	KPHO:C:5-2.0, KTVK:I:3-1.9
Indianapolis	WXIN:Fox:59	2.8	(3)	WRTV:A:6-2.7, WTTV:U:4-2.1
San Diego	KNSD:N:39	3.0	(1)	ALL
Hartford	WVIT:N:30	3.2	(1)	<b>A</b> LL
W.P. Beach	WFLX:F:29	4.0	(2)	WPEC:C:12-2,3
Green Bay	WGBA:N:26	3.0	(3)	WLUK:F:11-2.8
Champaign	WICS:N:20	4.1	(1)	ALL
Ft. Myers	WBGH:N:20	3.0	(1)	-ALL
Quad Cities	KLJB:F:18	3.1	(3)	WHBF:C:4-2.2
El Paso	KINT:1:26	2.5	(3)	KDBC:C:4-1.7
El Paso	KFOX:F:14	2.4	(4)	KDBC:C:4-1.7
Harlingen	KNV0:1:48	3,8	(1)	ALL
Chas., SC	WTAT:F:24	3.2	(3)	WCIV:A.4-2.9
Ft. Smith	KHBS:A:40	4.1	(1)	ALL
Columbus, GA	WXTX:F:54	3.3	(2)	WRBL:C:3 - 3.1
La Crosse	WXOW:A:19	2.9	(2)	WKBT:C:8-2.3
Chico	KCPM:N:24	2.9	(3)	KHSL:C:12-2.4
Wich Flls	KJTL:F:18	3,6	(2)	KSWO:A:7-3.5, KAUZ:C:6-3.2
Joplin	KSNF:N:16	4.4	(2)	KOAM;C:7-3.1
Lubbock	KJTV:F:34	3.0	(2)	KLBK:C:13-2.9
Odessa	KPEJ:F:24	3.1	(2)	KMID:A:2-3.0, KOSA:C:7-1.9
Eureka	KAEF: A:23	2.1	(2)	KVIQ:C:6-2.0

#### **EXHIBIT C**

Selected Ratings Data Sunday to Saturday, Prime Time November 1996

03/18/97 13:08 📆 312 787 3964

SU-SA, Prime Time: DMA Ad 18-49 - Nov' 96 Examples where UHF is #1 beating at least one VHF

Market	UHF Station
Augusta	WFXG:F:54
Austin	<b>KXAN</b> +:N:36
Champaign	WICS+:N:20
Col, GA	WXTX:F:54
Dayton	WKEF:N:22
Eugene	<b>KMTR</b> :N:16
Ft. Myers	WBBH:N:20
Ft. Smtih	KHBS+:A:40
Harlingen	KNVO:I:48
Hartford	WVIT:N:30
Houston	KRIV:F:26
La Crosse	WKOW:A:19
Madison	<b>WMTV:N:15</b>
Miami	WLTV:I:23
Mobile	WPMI:N:15
San Diego	KNSD:N:39
Toledo	WNWO:N:24
Topeka	KSNT:N:27

#### **EXHIBIT D**

Selected Ratings Data Sunday to Saturday, Prime Time November 1996